



Economic Impact Analysis Virginia Department of Planning and Budget

18 VAC 15-30 – Virginia Lead-Based Paint Activities Regulations Department of Professional and Occupational Regulation October 30, 2001

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 9-6.14:7.1.G of the Administrative Process Act and Executive Order Number 25 (98). Section 9-6.14:7.1.G requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. The analysis presented below represents DPB's best estimate of these economic impacts.

Summary of the Proposed Regulation

Section 54.1-501 (6) of the Code of Virginia mandates that the Board for Asbestos and Lead (the board) promulgate lead-based regulations that are no more stringent than the lead-based paint regulations promulgated by the United States Environmental Protection Agency (EPA). The board proposes two major changes to these regulations so as to be not more stringent than the EPA regulations. Interim control projects will no longer require personnel who are licensed to work with lead; and personnel will no longer require licenses to work with lead on any lead abatement project that does not involve target housing and child-occupied facilities.

Estimated Economic Impact

Under the current regulations, if it is known that paint on a building or structure contains lead, then any activity that involves reduction of lead-based paint hazards requires workers who are licensed to work with lead-based paint. Under the proposed regulations, interim controls no

longer require workers who are licensed to work with lead-based paint. Interim controls are defined as “measures and activities that are designed to temporarily, but not permanently, reduce lead-based paint hazards.” Such measures and activities include “specialized cleaning, repairs, maintenance, painting, temporary containment, ongoing monitoring of lead-based paint hazards or potential hazards, ...” Also, pursuant to matching EPA regulations, the board proposes to permit unlicensed personnel to conduct abatement measures and activities, whether permanent or temporary, on all structures and buildings, excluding target housing¹ and child-occupied facilities. Thus, under the proposed regulations, only measures and activities that are designed to permanently reduce lead-based paint hazards on target housing and child-occupied facilities require workers who are licensed to work with lead-based paint.

These proposed changes would allow firms that provide lead-reduction services to reduce labor-associated costs. For example, painting contractors who offer no services that permanently remove lead-based paint would no longer be required to have any staff licensed to work with lead. Other contractors who provide services that no longer require lead-licensed workers, but also provide services that still require lead-licensed workers, could pay for fewer staff to become licensed. These firms would save on the costs of third-party training, licensing fees, examination fees, and lower production of services due to personnel away training. Currently, initial training required for licensure as a lead abatement worker, lead project designer, lead abatement supervisor, lead inspector, or lead risk assessor, would cost approximately \$250, \$600, \$600, \$640, or \$640, respectively.² Licensees are required to take refresher training courses every three years in order to maintain licensure. Refresher training currently costs approximately \$125, \$135, \$135, \$145, or \$145 for each of the respective licenses.³ Licenses cost \$25 annually for all categories. Examinations, which are required for initial licensure for lead abatement supervisor, lead inspector, and lead risk assessor, “shall not exceed a cost of \$75 to the candidate.” Since labor-associated costs will decrease, and firms that are not licensed lead contractors may start offering services, the market price for interim control services and

¹ Target housing refers to “housing constructed prior to 1978. Housing for the elderly, housing for persons with disabilities or any zero-bedroom dwelling are not subject to these regulations, unless a child who is six years of age or under resides in or is expected to reside in such housing.”

² Sources: A.H. Reppert & Associates and Industrial Training Company, LTD (February 1, 2001).

³ Ibid.

permanent abatement services at structures and buildings other than target housing and child-occupied facilities may decrease.

It is probable that allowing unlicensed workers to perform interim control work on all structures and buildings, and permanent abatement work on all structures and buildings excepting target housing and child-occupied facilities, will increase the environmental exposure of lead-based paint dust, including in the air and on the toys and play areas of children. Federal requirements for work with lead-based paint, such as those from the U.S. Occupational Safety and Health Administration (OSHA), will still be in place. But if contractors who have no personnel licensed to supervise or work on lead-removal projects can now be hired to do such work, the chances that OSHA required procedures to remove lead are correctly followed would likely be reduced. For example, under the proposed regulations small painting contractors who have no employees that are licensed to work with lead may bid for painting contracts on homes that are known to have lead-based paint. Personnel at such firms may have good intentions, but without training in lead work, it seems likely that they would be less successful at preventing the spread of lead-based paint dust.

It seems probable that the proposed changes to the regulations may increase the frequency and severity of lead-based dust being left in homes and other child-occupied buildings such as daycare facilities. Young children, infants, and fetuses are particularly vulnerable to lead poisoning. Children's mental and physical development can be irreversibly stunted and severe neurological problems may occur due to over-exposure to lead.⁴ The magnitude of the increase in frequency and severity of lead-based dust left in homes and other child-occupied buildings depends on how often purchasers of these service hire contractors with unlicensed workers, and how much worse, if at all, the unlicensed workers are at preventing the spread of lead-based paint dust. No estimate is available for either of these factors.

⁴ Source: "Lead in the Environment," EPA, 1999.

Businesses and Entities Affected

Approximately 1,375 individuals and 152 contractors are licensed and approximately 27 providers of training courses are accredited under these regulations.⁵ These individuals, businesses, and schools, as well as other firms who wish to provide lead removal services, purchasers of lead removal services, and people who live or work in buildings with lead-based paint are affected by these regulations.

Localities Particularly Affected

The proposed regulations potentially affect all localities in the Commonwealth.

Projected Impact on Employment

Providers of lead-based paint abatement training courses may encounter some reduced demand for their courses due to the proposed regulations. These firms and schools may consequently reduce employment.

Effects on the Use and Value of Private Property

Firms that currently offer lead removal services that will no longer require lead-licensed personnel under the proposed regulations will benefit by lower labor-associated costs. On the other hand, these firms may encounter new competition from contractors who thus far have not offered lead removal services due to the current lead-licensing requirement. The potential new competition may lower the market price and reduce the market share for the current service providers. Whether the lower labor-associated costs will outweigh potential lower revenue due to lower market price and sales is not clear.

Some firms who thus far have not offered lead removal services due to the costs of lead licensing may start offering such services under the proposed regulations. These firms would clearly benefit from new potential business, and their values would likely increase.

Purchasers of lead removal services that will no longer require lead-licensed personnel under the proposed regulations may benefit from lower market prices.

⁵ Source: Department of Occupational and Professional Regulation

Implementation of the proposed regulations will likely reduce business for providers of lead-based paint abatement training courses. Reduced demand for their courses would have a negative impact on their revenue, and consequently on their value.